

**CITY OF HOMER  
HOMER, ALASKA**

City Manager

**ORDINANCE 16-43**

AN ORDINANCE OF THE CITY COUNCIL OF HOMER, ALASKA,  
AMENDING ORDINANCE 13-03(S)(2) TO CHANGE THE TERMS FOR  
ADJUSTING THE AMORTIZATION OF PRINCIPAL OF THE NATURAL  
GAS DISTRIBUTION SPECIAL ASSESSMENT BOND AUTHORIZED  
BY ORDINANCE 13-02, AND AUTHORIZING AN AMENDMENT TO  
THE LOAN AGREEMENT BETWEEN THE CITY AND THE KENAI  
PENINSULA BOROUGH REGARDING THE BOND.

WHEREAS, By Ordinance 13-03(S)(2), adopted February 25, 2013, the City authorized the issuance of a Natural Gas Distribution Special Assessment Bond ("Bond") in the principal amount of not to exceed \$12,700,000, and the execution and delivery of a Loan Agreement ("Loan Agreement") between the City and the Kenai Peninsula Borough ("Borough") regarding the Bond; and

WHEREAS, By Ordinance 15-17(S), adopted June 15, 2015, the City amended Ordinance 13-03(S)(2) to provide for the prepayment of principal of the Bond, and to authorize the execution and delivery of a corresponding amendment to the Loan Agreement; and

WHEREAS, By Ordinance 16-03(S), adopted January 25, 2016, the City amended Ordinance 13-03(S)(2) to state the actual principal amount of the Bond and to change the principal and interest payment dates for the Bond, and to authorize the execution and delivery of a corresponding amendment to the Loan Agreement; and

WHEREAS, Ordinance 13-03(S)(2) and the Loan Agreement require that upon any prepayment of principal of the Bond the amortization of the principal of the Bond shall be adjusted so that each remaining scheduled payment of principal and interest on the Bond shall be in an equal amount; and

WHEREAS, Adjusting the amortization of the principal of the Bond after each prepayment of principal on the Bond is unnecessary and imposes an administrative burden when scheduled payments of principal and interest on the Bond are made only annually; and

WHEREAS, Because installments of principal and interest on the Bond are due annually, it would be sufficient to adjust the amortization of the principal of the Bond once for all prepayments made since the last annual installment payment immediately before the next installment is due.

NOW, THEREFORE, THE CITY OF HOMER ORDAINS:

Section 1. Section 13 of Ordinance 13-03(S)(2) is amended to read as follows (added language is bold and underlined; deleted language is stricken through):

Section 13 – Sinking Fund. A special fund of the City designated the "City of Homer Natural Gas Distribution Special Assessment Bond Sinking Fund" is hereby created for the purpose of paying and securing the payment of the Bond. The Sinking Fund shall be held separate and apart from all other funds and accounts of the City and shall be a trust fund for the Registered Owner of the Bond. Payments of principal and interest on assessments levied for the Improvement in the District shall be deposited in the Sinking Fund. Amounts in the Sinking Fund shall be used to pay principal and interest on the Bond, and are hereby pledged for that purpose. Prepayments of assessments shall be applied to prepay the principal of the Bond; **Not less than five days before the due date of each annual installment of principal and interest on the Bond, the amortization of the principal of the Bond shall be adjusted to take into account all prepayments of the outstanding principal of the Bond made since payment of the last annual installment of principal and interest,** and upon any such prepayment the amortization of the principal of the Bond shall be adjusted so that each remaining scheduled payment of principal and interest on the Bond shall be in an equal amount.

Section 2. The City Manager is hereby authorized to execute the Third Amendment to Loan Agreement, in substantially the form presented at this meeting, but with such changes, modifications, additions and deletions therein as she shall deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said document now before this meeting, and to execute and deliver an amended and restated Loan Agreement that incorporates all amendments to the Loan Agreement that have been authorized through the effective date of this ordinance.

Section 3. This Ordinance is not permanent in nature, and shall not be codified.

ENACTED BY THE CITY COUNCIL OF HOMER, ALASKA, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

CITY OF HOMER

\_\_\_\_\_  
MARY E. WYTHE, MAYOR

ATTEST:

\_\_\_\_\_  
JO JOHNSON, MMC, CITY CLERK

YES:

NO:

ABSTAIN:

ABSENT:

First Reading:

Public Hearing:

Second Reading:

Effective Date:

Reviewed and approved as to form.

\_\_\_\_\_  
Mary K. Koester, City Manager

Date: \_\_\_\_\_

Fiscal Note: NA

\_\_\_\_\_  
Holly C. Wells, City Attorney

Date: \_\_\_\_\_